

Sino-Thai Relations during the Thaksin Administration (2001-2006)

Katewadee Kulabkaew*

タクシン政権時代の中タイ関係 (2001-2006)

ケイトワデイ クラブケオ*

Abstract

During the year 2001-2006, a brief period of robustness in Sino-Thai relations wonders observers. Under Thaksin Shinawatra administration, Thailand and China has enhanced their friendship even beyond those of China with other ASEAN states in the new age. Diplomatic achievements ranged from FTA to Bangkok's stronger stance on One China Policy. Trade relations were strengthened, with the sharp increase of economic linkages served as a basis for advancement in broader aspect of relations, surprisingly in regional politics and even in military cooperation. The basis for these flourish of Sino-Thai relations in Thaksin period can be counted upon Thailand's domestic factors. Chinese-Thai business elites who seized the ruling power were influential actors in giving a boost to bilateral relations in their pursuit for economic interests. The rise of business powers and their Chinese connections, as well as Thaksin's charismatic leadership contributed to the boost of relations between Beijing and Bangkok. The decline of Thai bureaucrats under Thaksin administration also gave way for Thailand to re-orient herself from diplomacy that relied on the west to Asian regionalism with China at the center. However, this burgeoning Sino-Thai relation can only be made possible under the domestic political structure of Thaksin period which particular interest group played important role in directing Thailand's foreign affairs.

* Graduate School of Asia-Pacific Studies, Waseda University, Doctoral Degree Program: 早稲田大学大学院アジア太平洋研究科博士後期課程

I. Introduction

During the year 2001-2006, a brief period of robustness in Sino-Thai relations wonders observers. Under Thaksin Shinawatra administration, Thailand and China has enhanced their friendship even beyond those of China with other ASEAN states in the new age.¹ Trade relations were strengthened, with the sharp increase of economic linkages served as a basis for advancement in broader aspect of relations, surprisingly in regional politics and even in military cooperation. A number of bilateral agreements were made and various cooperative projects were initiated. Growing intimacy was obvious with frequent visits if the two country's ministers, legislators, and military commanders. Formal visits by top leaders alone counted 8 times within the period of just five years.² This resulted in numerous landmark diplomatic events gathering around the 30th anniversary of establishing Sino-Thai diplomatic relations in 2005. Diplomatic Achievements ranged from FTA to Bangkok's stronger stance on One China Policy. Thailand and China has become closer friends, as Thaksin himself put it: "Things has developed in a very positive and constructive way, especially in the past four and a half years since I became the Prime Minister."³ Western observers were perplexed with the tendency of Thailand – the former staunch ally of western world – leaning more toward China.⁴

For the five years under Thaksin administration, Sino-Thai relations evolved drastically. China's peaceful diplomacy and generous assistances help strengthening ties with most Southeast Asian countries. China's economic growth and promising markets also contributed to burgeoning bilateral relations. However, there was no ASEAN country (with the exception of Myanmar) that showed its commitment for Beijing as much as Bangkok did. Under Thaksin administration, there was a shift in Thailand's Chinese affairs that the new diplomacy paid enormous attention to Beijing. Economic cooperation was pursued more aggressively through comprehensive exchange of state concessions and personal benefits. Political issues inseparably intertwined with development in economic affairs of the two as never seen before.

Coinciding with this period, Thailand underwent a transformation in domestic politics. There were changes regarding the ruling keymen, decision making, and power distribution. Thaksin Shinawatra, a telecommunication tycoon sworn in as Prime Minister. His coalition, mostly Chinese-Thai businessmen also took ministerial office. Thaksin administration was dubbed "the rule of capitals" by Thai media and scholars. The term marked a clear departure of the new Thai politics from the old "bureaucratic polity" description. The new capitalist

1 Smith, Anthony, "Thailand's security and Sino-Thai relationship", in *China Brief*, Volume V, Issue 3, The Jamestown Foundation, Washington D.C., 2005 p.1

2 These comprise 3 formal visits by Thai Premier and one each by Chinese President, Premier, Vice Premier, State councilor, and Chairman of National People's Congress

3 An interview with Prime Minister Thaksin Shinawatra, *People's daily*, 28 June 2005

4 An interview with Dr. Panithan Watnayakorn, *Prachachat Durakij*, 27 July 2006, pp. 8-9

government had different agenda in running the country. They also possessed different skills, especially in managing transnational business. Observers also detected the rise of activities and enthusiasm of Thaksin government to push forward economic development. The eagerness to tap into the source of wealth aboard also multifoldly increased.

A question can be raised for the issue. Is there any interrelation between the newcomer government and a sudden shift in Thailand's Chinese policy? In order to explain Sino-Thai relations of the period, a study of Thaksin administration in its background, power structure, and influential actors is needed. However, existing literatures about contemporary Sino-Thai relations hardly pay attention to the analysis of domestic conditions and often cited the recent burgeoning relations as a continuation of smooth diplomatic history. They often cited the disputable myth; "Chinese and Thais are brothers" as in the works of Chambers⁵. Only some Thai scholars emphasized the importance of Thai domestic factors in the ebb and flow of Sino-Thai relations during the 1940's and the 1970's, as in the works of Sodsuk⁶ and Yingchaiyakamol.⁷

This study is an initial attempt to explain Sino-Thai relations during the Thaksin administration through the analysis of Thai domestic politics. Since existing academic literatures concerning the subject are scarce, this study is mainly built on the examination of data from 2,000 news articles being published in Thai newspapers.

This article begins with the description of Sino-Thai relations during the Thaksin period with its outstanding traits being elaborated. The next section then examines the growing Sino-Thai intimacy in relation with Thai domestic actors, namely, the coalition of ruling business power, Thaksin as the top decision maker, and his bureaucratic oppositional force. The conclusion then point out to the source of interrelation between the Thaksin government and flourishing Sino-Thai relations of the period.

II. Sino-Thai relations of the Thaksin period

The special relation between Bangkok and Beijing under Thaksin administration is clearly distinctive. Despite the fact that the two countries periodically enjoyed the warming-up of relations in the past, such friendship is limited in its nature. Normally it included Chinese assistance in buying Thai agricultural products, selling weapons to Thai in "friendship price" and so on.⁸ Thai government engaged in the low-profile dialogues with

5 Chambers, Michael R., "The Chinese and The Thai are Brothers: The Evolution of Sino-Thai Friendship", in *Journal of Contemporary China*, 14(45), November 2005, pp.599-629

6 Sodsuk, Narumitr, *The Sino-Thai relations: An analysis of factors involved in the establishment of diplomatic relations*, MA Graduating thesis, Chulalongkorn University, Bangkok, 1978

7 Yingchaiyakamol, Soymook, *Thailand's foreign policy towards The People's Republic of China during field marshal P. Pibulsonggram's government*, MA Graduating thesis, Chulalongkorn university, Bangkok, 2001

8 Chainam, Surapong, "ความสัมพันธ์ไทยกับจีน:กระแสพัฒนาการ" ใน ความสัมพันธ์ไทย-จีน เอลียวหลังเลหน้า ("Relations between Thailand and China: Stream of development" in *Sino-Thai relations: Past and future prospects*) Institute of Asian Studies, Chulalongkorn University, Bangkok, 2000, p. 177

China from time to time, however, they still keep a distance between each other in politically sensitive issues. Only at the end of Cold War that Thailand formally established diplomatic relations with China and things became less politicized.⁹ Economic relation was set to be the mainstay in deepening ties; however, it was rather an average lukewarm relationship than special intimacy. However, the turn around of bilateral relations came when Thailand encountered economic difficulties and had to float its currency on July 2, 1997. The fact that China refrained from devaluation of the Yuan, and also the first country to lend Thailand 1 billion dollars under IMF recovery scheme, whilst U.S. and Japan were hesitant to do so impressed Thai elites.¹⁰ China's growing economy which was relatively unaffected by the crisis also promised new opportunity for Thai businesses in seeking recovery.

Since the Thaksin government was formed in 2001, Thaksin then became a frequent visitor to China. He chose the country as his first destination for official visit as Prime Minister. He also stressed that China should be the most important country for Thailand's diplomacy.¹¹ His eagerness in tightening relations with Beijing gave way to unthinkable series of diplomatic events that came along. The distinguished traits founded in Sino-Thai relations of this period can be described as follows.

(1) A flourish of economic diplomacy

The first start of deepening ties between Thaksin government and Beijing in the year 2001 was relatively positive with both sides expressed optimism and good will. Thaksin's first state visit to China recaptured the essence of the already established strategic partnership agreement with more tangible action plans for economic development. The two leaders signed the memorandum of understanding (MOU) for the founding of Thailand-China business council. Thaksin asked China to become part of Thailand's path to recovery, calling for Chinese investment in the crisis management body, Thai Asset Management Corporation (TAMC). China expressed interest and then consented to bilateral currency swap agreement as a regional mechanism against future currency attack. Thaksin's attempt to create regional framework for economic cooperation and preventive bodies against future economic crisis received a positive response from China. Beijing pledged its full support for Asian Cooperation Dialogue (ACD) and the Asian Bond Fund (ABF).

Thailand under Thaksin administration also shared interests in developing regional economy with China. Geographically, Thailand has high potential as a hub for China to reach Southeast Asia's maritime nations and the Strait of Malacca. Coinciding with Thaksin administration's dexterous plan to make Thailand a regional hub for trade and

9 Chinwanno, Chulacheep, Thailand-China relations: from strategic to economic partnership, IUJ Research Institute working papers, *Asia Pacific Series* No.6, 1998, p.2

10 Manarangsan, Sompop, "ความร่วมมือไทย-จีน ในการแก้ไขวิกฤตการณ์ทางเศรษฐกิจ" ใน ความสัมพันธ์ไทย-จีน เอลียาหลังแลหน้า ("Thailand - China cooperation in coping economic crisis" in *Sino-Thai relations: Past and future prospects*) Institute of Asian Studies, Chulalongkorn University, Bangkok, 2000 p.128

11 The Nation, 10 January 2004, p.4

transportation, cooperation for logistic linkages with China's south was made. China's quest for offshore energy search also found Thailand the most suitable partners for Southeast Asia. They shared interests in exploring and developing energy sources in Burma, Laos, and Indonesia.

Thai government was very active in attracting Chinese investment. Business match-making trips organized by Thai authorities were often for Chinese and Thai investors to meet. As a result, Thailand ranked first among ASEAN nations for the destination most invested by Chinese capitals, particularly in chemicals, machinery and construction of infrastructures.¹² Thaksin administration also devoted extra efforts for Thai goods to break into Chinese market. Distribution centers for Thai goods were planned to be set up in all of Chinese provinces. Eight new Thai consulates were expected to be opened for bilateral trade support.¹³ Trade negotiations were smooth and fruitful. Sino-Thai FTA was agreed upon to start from the year 2003. It covered various range of products from agricultural goods to electronic appliances.¹⁴ In the same year, China-Thailand Joint Committee of Economy and Trade was also set up to promote bilateral trade, investment, and tourism. The committee was the first working body which encompassed the two countries' high officials in decision making level.¹⁵

(2) Thailand's stronger commitment to One China Policy

Under Thaksin administration, Thailand was more committed in aiding China's political and security interests abroad, especially in the recognition of One China Policy. Thaksin administration denied granting visa to Taiwanese MPs and Labor ministers twice in August 2002 and January 2003. Thai foreign minister then declared that the country's diplomatic stance firmly recognized only one China. However, the issue was perceived by veteran diplomats as Thai government's reckless attempt to please Beijing.¹⁶ The incident heavily severed Bangkok's long established informal relations in trade and investment with Taiwan. Though Bangkok finally agreed to issue tourist visa to Taiwan MPs, Taipei still retaliated by banning Thai labor import. Nevertheless, China praised Thailand's unwavering support, hailing Bangkok as "a friendly and cooperative partner that Beijing could trust"¹⁷ Thailand also hosted the conference of more than 3,000 overseas Chinese in Bangkok to object Taiwan's attempt in staging referendum for independence.¹⁸

Thailand also expressed willingness to comply with China's request regarding its internal affairs. In December 2004, Thai police detained Lu Decheng, Chinese pro-democracy

12 Thailand Board of Investment, BOI Investment Review, Bangkok, 2004

13 Thai Post, 14 July 2005, p.11

14 Manager Daily, 24 September 2002, p. 12

15 Manager Daily, 20 June 2003, p.1

16 Chainam, Asda, "การทูตยุคทักษิณ" ใน รู้ทันทักษิณ ๒ ("Diplomacy in the Thaksin era" in Seeing through Thaksin 2) Khokit Duaykon, Bangkok, 2004

17 The Nation, 24 January 2003, p.3A

18 Daily News, 19 February 2003, p.18

activist in exile and threatened to deport him to China. It was questionable that Bangkok did actually bow to the pressure from Beijing for the arrest. Thai government repeated such attempt again in the same year by trying to bar Dalai Lama from entering the Kingdom. Thaksin administration also cooperated with China in curbing the activities of the Falun Gong spiritual movement. In 2001, the Falun Gong was forced to cancel a planned meeting in Bangkok, and in 2003, Falun Gong members were barred from entering the country. Bangkok has stated that it would not allow the Falun Gong to use Thailand as a base to interfere in another country's internal affairs.¹⁹

(3) Increasing dependency in international politics

Dependency in Sino-Thai economic ties increased, as well as those in political and security matters. Thailand began to rely more on Chinese influence in solving conflicts with its immediate neighbors. In the border conflict with Myanmar in June 2002, Chinese defense minister was invited to visit Bangkok, in order to help asserting Beijing's influence over Yangon so as to settle down the fight.²⁰ In January 2003, Chinese foreign minister mediated reconciliation between Bangkok and Phnom Penh after the burning of Thai embassy and violence against Thai businesses in Cambodia.²¹

In return, Thailand complied to China's request by recognizing it with full market economy status – the station that would give more leverage for China in the WTO.²² Thailand began to act as a spokesman for China in ASEAN, played an important role in persuading and drawing consensus among Southeast Asian countries for the establishment of China-ASEAN Free Trade Agreement (CAFTA) at the ASEAN ministerial summit in Brunei.²³ Thailand became Beijing's agent of understanding to the region, for instance, it negotiated for China to be able to join ASEAN conference on Severe Acute Respiratory Syndrome (SARS) in Bangkok, despite Singapore's objection. This helped China to regained credibility in tackling the spread of the disease.²⁴ Thai government was also a face savior to China under international pressure for Beijing to interfere with Myanmar's violation of human rights and democratic principles. In late 2003, Thaksin administration facilitated the meeting for a "roadmap" to democratization of the country in Bangkok, claiming that the process was consulted with China.

III. The role of domestic politics in directing Sino-Thai relations

The dynamism of Thailand's domestic politics has been influential to Sino-Thai relations. Internal political changes which was forged by the 1997 Asian Economic crisis were

19 Storey, Ian, "A Hiatus in Sino-Thai Special Relationship", in *China Brief*, The Jamestown Foundation, November 2006

20 Matichon Daily, 21 June 2002, p.32

21 Matichon Daily, 2 February 2003, p.1,12

22 Krungthep Durakij, 7 September 2004, p.26

23 Khaosod, 5 November 2002, p. 10

24 Prachachart Durakij, 1 June 2003, p. 1,4

inseparable to the blooming Sino-Thai relations that followed. Initially, the crisis instigated the sense of insecurity among Thai business people and consequently attracted them to politics. The bureaucratic government's unreliability in defending domestic enterprises incited them to take control of the state, in order to protect their wealth.²⁵ Public call for reform and new constitution also gave way to new faces to enter politics. Meanwhile, businessmen who were crisis survivors are strengthened with their rivals disappeared, enabling them to gain more shares in business, as well as in political competition. Emerging unaffected from crisis, Thaksin founded a Thai Rak Thai party that won a landslide victory in 2001 election. He then formed a coalition government with highest majority in Thai political history. His government was dubbed "The Rule of Capitals" as it combined groups of business people to run the country.

Thaksin administration exclusively represented the interests and principles of business circle, especially those that being closely tied to the rise and fall of the stock exchange (telecommunications, media, real estate, etc.)²⁶ He pursued his ambitions in making government policies to be most friendly to economic development. He stressed on stimulating economic growth, managing static, de-politicized society, and remaking Thai politics.²⁷ Changes in political structure brought in by Thaksin administration shaped the new national agenda, leading the unfamiliar path to the new orientation of policy making, including the foreign affairs. Role of influential actors within this new polity will be examined in regard of their involvement to Chinese relations as follows.

(1) The rise of business power and Chinese connections

Thaksin regime brought about the rise of businessmen who were Thai Rak Thai founders and financial base. The core coalition alone comprised up to 10 influential business families, most of them were ethnic Chinese descendants.²⁸ Many had businesses in Mainland China and Hong Kong, and some invested extensively to the country. Those who engaged in doing business with China for decades held strong connections with Chinese influential figures. In the age of China's economic booming, they all hoped to enjoy full benefit by expanding their business through FDI and joint venture with Chinese company. For those who just took a stand after the blow of economic crisis, business opportunity seen in China provided them a new hope. However, the more open Chinese economy to foreign capitals, the more competitors in Chinese markets. Foreign newcomers and China's change to the fifth generation leaders swayed their old connections and protection from Chinese leaders.²⁹ As a result, Chinese –

25 Phongpajit, Phasuk, Thailand under Thaksin: a regional and international perspective, proceeding of workshop on middle class in Asia, Kyoto University, October 2004, p.227

26 Tejapira, Kasien, *บุชกับทักษิณ: ระบอบอำนาจนิยมขวาใหม่ไทย-อเมริกัน* (Bush and Thaksin: US-Thai new right wing authoritarianism) Obor International, Bangkok, 2004

27 Ibid.

28 Manager Daily, 11 February 2004

29 เกิดอะไรขึ้น? ซีพีในจีน (What happens to CP in China?) in Than Setthakij, 11 November 2002

Thai businessmen needed Thai state's immense diplomatic and economic initiatives to protect their wealth that greatly tied to China.

With their career background, most of keymen in Thaksin administration had their interests linked with China in some way or other. Suriya Chuengroong – ruangkij, industry minister planned to set up autoparts manufacture in China.³⁰ Prayuth Mahakijisiri, Thai Rak Thai deputy head invested in Chinese Iron and steel industry.³¹ Charoen Siriwatthanapakdee, beverage tycoon who was a staunch supporter of Thai Rak Thai took over many beverage firms in Southern China.³² Thaksin's Shin Corporation also won a concession for its "IP Star" satellite to serve as a gateway for broadband telecommunications in China.³³

As businessmen with state power, such empowerment gave them advantages in doing business. These businessmen and their affiliates were assigned with ministerial post, giving them full authority to look upward the country's economy in general and their business empires in particular. With entrepreneurial thinking, they took more extensive, timely, or even radical initiatives in foreign trade and investment. They proposed cooperative projects to Beijing intensively, lobbying for the consent through personal connections of Chinese –Thai businesses. This resulted in the flourish of economic diplomacy between Thailand and China at the time.

Chinese-Thai business families closed to Thaksin administration also played an important role in boosting Sino-Thai relations. One of them was the owner of CP group, Thailand's largest agro-industry and retailer company. CP group has massive investment in China. It has secured exclusive connections with Chinese leaders for almost 30 years. Especially with the communist party members closed to the late Deng Xiao Ping, and the recent Shanghai local administration.³⁴ CP group was the prime agent in shaping the two country's agenda in economic cooperation. The first president of Thailand-China business council was CP's board of directors member. The bilateral FTA and the establishment of Thailand-China business council were initiated under CP's guidance. It was speculated that CP reaped more benefits from trade of agricultural products under Sino-Thai FTA.

Thanin Chiarawanond, CP's chairman, was known as a big supporter for Thai Rak Thai Party. He did not hold any position in the cabinet, but his son-in-law, Watthana Muangsuk was appointed the commerce minister. Pitak intrawitayanunt, Thanin's right-hand man for CP's business in China was also appointed as deputy minister of foreign affairs. Thanin was the one who suggested that Thaksin met Hu Jintao and the fifth generation leaders to be early in 2003, so as to imprint the good first impression that might be helpful to future

30 Than Setthakij, 9 February 2005

31 Krungthep Durakij, 12 September 2005

32 Than Setthakij, 12 July 2006

33 Krungthep Durakij, 10 August 2002

34 Suvarnban, Vichai ชีพ ธุรกิจไร้พรมแดน (CP: The Borderless Business) Than Setthakij, Bangkok, 1993

relations. He also campaigned for Thai government and entrepreneurs to tap into the growing Chinese market under his slogan “(the co-existence of) great China and prosperous Thailand”³⁵ As the long-established “connection agent” helping Thai businesses to land smoothly on Chinese market, CP can expect more reciprocal benefits (such as dividend or shares) as more Thai businesses enter China.

In addition to the rise of business power and connection of Chinese-Thais, the comeback of some influential figures with strong Chinese connection also deserved attention. General Chavalit Yongjaiyuth, the defamed ex-prime minister who stepped down in 1997 crisis was reappointed as Thaksin’s deputy and his right-hand man for security affairs. He was considered an “old comrade” for Chinese top leaders and the People’s Liberation Army (PLA) since the battle against Vietnam in late 1980’s.³⁶ He also befriended with Huang Hua, formerly known as Wang Rumei, the influential foreign minister of China from 1976-1982.³⁷

His comeback to politics under Thaksin administration was a booster to the government in seeking cooperative actions from Beijing. Though his expertise was in the military, his Chinese connections were exploited for economic relations. In the first expedition of Thaksin government to seek economic cooperation from Beijing, Somkid Jatusripitak, finance minister was introduced to President Jiang Zemin by Gen. Chavalit’s recommendation letter. The letter also served as a passport for Somkid to meet with Wen Jiabao and Wu Bangguo, respectively the future Premier and Chairman of National People’s congress. Gen. Chavalit was the influential figure in the establishment of the free trade zone and the exclusive Chinese-Thai industrial estate in Chiangrai, Thailand.³⁸ He also pursued closer military relations by increasing visits of Thai military commanders to China under his well-guided, well organized trips.³⁹ The focus was on weapons purchase, military training, financial and technical assistances. Gen. Chavalit was known to be the influence in persuading or even compulsorily directing Thai military to buy Chinese weapons.⁴⁰

However, business and personal connections which gave boost to Sino-Thai relations has its negative. Conflict of interests tainted the rosy image of good relations from time to time. The intertwinement of Thai national interests and personal interests in Chinese relations was profound. In January 2006, Thai newspaper reported that Thaksin government has arranged the secret deal for Chinese state enterprises to win concessions in various mega-projects. In return, China agreed to take massive agricultural products from Thailand under the barter trade scheme. It was speculated that the government’s crony firms benefited

35 An interview of Thanin Chiarawanond with BBC Radio (Thai Section), 2 December 2002

36 Dongbangstan, Boonkrom, โลกสีขาวของพลเอกชวลิต ยงใจยุทธ (The White World of Gen.Chavalit Yongjaiyuth) Bangkok, 2004

37 Manager Daily, 18 May 2004

38 Siam Durakij, 16 June 2002

39 Khao Sod, 5 September 2003

40 Neawna, 30 December 2002, p.1,6

from the scheme.⁴¹ Thaksin was also harshly criticized for his intimacy with Chinese tycoon Yan Bin. Reportedly, he exploited Yan's personal ties to Chinese high officials in seeking benefits for his cronies' businesses in China. Reciprocally, Yan was rewarded with the concession for Thai government's mining projects in the Northeast.⁴²

(2) Charismatic leadership in enhancing Sino-Thai relations

As the top decision maker, Thaksin Shinawatra's own person deserved to be examined individually. Undeniably, his charismatic leadership has the strong influence on the direction of Thai politics. He was highly popular. Public opinion in Thailand and abroad usually perceived him as a very creative and energetic leader. He thinks fast, act fast, willing to risk, and highly confident, though sometimes a kind of showing off and emotional. His Asianism idea gave him a resemblance to Mahathir Mohammad, ex-Malaysian leader and once he was expected as the most outstanding regional leader-to-be.

Thaksin is a Chinese descendent with Hakka origin. This fact is not a surprise since many Thai leaders in the past also have a Chinese blood. Nevertheless, Thaksin is the only one that proudly parading his Chinese-ness around. This coincided with an emerging phenomenon of the young and distant generation Chinese-Thais to rethink their Chinese legacy from the more glorified viewpoint. As China becomes an emerging superpower, many associate themselves to their ancestor's land with pride and fantasy to be part of its greatness and prosperity.⁴³ However, this is far from genuine ethnic loyalty since the trend of Chinese-ness association focus on making business opportunity. The strong and systematic cultivation of loyalty impregnated by Thai state for many generations is another reason.

There was no evidence that clearly demonstrated Thaksin's ethnic loyalty to China. It was also not clear that Thaksin's upbringing in the Chinese-Thai family influenced his "look east" thinking in his business and political career. Despite the fact that Asianism concepts are profound in his thinking and actions, it is more likely that the experience of 1997 crisis shaped his opinion so. Asian economic crisis marked the turning point not only in Thailand's domestic politics, but also in the region's shift toward the new arrangement of international relations. Asian leaders and their business community then realized the need for regional cohesion, in order to protect themselves from future globalize threat and vulnerability of western dependence. Asian economic integration in this term is indispensable for recovery and sustainable growth for Asian businesses. Thaksin was more than determined in realizing it.⁴⁴ He was extremely confident and always took bold steps in establishing various

41 Prachachat Durakij, January 2006, p.1

42 Manager Daily, 21 April 2006, p.14

43 The modern identity of Luk Jins (Chinese-Thai descendants) is being modified with the more superior connotation. It now represented the group of people encompassing wealth, middle to upper-middle class status, and stronger political representation. Though their late generations can not speak Chinese and practice less Chinese traditions, recently, attending language schools to learn Mandarin and Chinese culture is a boom in Thailand. The number of young people study abroad in China is also increasing.

44 Thanapaiboon, Pijarn, วิสัยทัศน์ผู้นำ (CEO Vision) Than Publishing Co., Bangkok, 2004

frameworks for economic cooperation. In the international arena, he perceived himself not as a state leader but rather a professional mediator and business negotiator. His charisma in making bold proposals and initiatives caught Asia's attention. With China emerged unaffected from crisis, he then envisioned that recovery and growth could be based upon regional integration with China at the center.⁴⁵

Though Chinese ethnicity was not a main reason in persuading Thaksin to pursue Chinese relations, he did know how to exploit it. At the 30th anniversary of Sino-Thai diplomatic relations in mid 2005, he traveled to his ancestor's village in Guangdong in order to worship his maternal grandfather's tomb. It was apparent that he performed the rite in Chinese tradition to publicly confirm his Chinese root.⁴⁶ The event gained attention from Chinese media and praises from Chinese officials. The public association with Chinese-ness became his effective strategy in winning Beijing's hearts and minds. After the worship of his ancestor's tomb, the governor of Guangdong province then granted the gigantic space for Thai fruits to be sold at the province's central market as Thaksin asked. The governor claimed that it's a gift of goodwill to "a folk of our hometown".⁴⁷ Thaksin's mastery in exploiting Chinese-Thai links and the connections to Beijing's influential figures support most of the bilateral cooperation to become successful. China tended to comply with most of Thaksin's proposal and requests, in exchange with reciprocal benefits that it was sure to be repaid. The trust that rendered such harmonious relations could not be instilled without Thaksin's glorification of Chinese-ness.

Thaksin's background as a successful businessman who accumulated wealth by monopolizing state concessions and trading in financial markets also influenced his state leadership.⁴⁸ Earlier in his first term, Thaksin boldly stated that he would run a country like "running a company". He expressed strong confidence that experiences in business could work out in leading the nation in CEO style. His administration was highly centralized, as he initiated and decided upon most of the projects himself. Regarding Chinese affairs, he mobilized human resources integrally from Ministry of Commerce, Ministry of finance, and Ministry of Foreign Affairs. Under his direct command, they worked together as "Team Thailand" in promoting Sino-Thai economic ties by cutting across the contradicting and overlapping bureaucratic process. His background as a stock and currency trader instilled in him the opportunistic character that he acts fast and willing to take risk. In this manner, various ambitious projects in cooperation with China were rapidly mushrooming. He negotiated most of the important deals in person directly to the Chinese leaders, including

45 Ibid.

46 Matichon Weekend, 8 July 2005,p.9

47 Ibid.

48 Adulyanont, Sorakol, ทักษิณ ชินวัตร อัศวินคลื่นลูกที่สาม (Thaksin Shinawatra: The knight of the third wave) Matichon, Bangkok, 2000

bilateral FTA and the arrest of Thai major drug lord in Yunnan.⁴⁹ Undeniably, Thaksin's personal devotion to join hands with China was giving boost to the two countries' relations.

Thaksin's strong Prime Ministership also backed the decision making and policy implementation in foreign affairs to become smooth. His party's absolute majority in the parliament guaranteed least objections to his policy. It was widely criticized that there was no proper mechanism to check and balance his Chinese diplomatic pursuit which many times tainted with conflict of interests and corruption, as in the case of Sino-Thai FTA being concluded in a swift without verification from the parliament. The opposition and farmers being disadvantaged by the FTA later protested that they were not informed of the deal. However, Thaksin justified the agreement done in secrecy as the seizing of opportunity in no time. In his words, the protesters were the small section of Thai economy that needed to sacrifice for the greater benefit of the majority. His high popularity in his first term as Premier was often exploited to quiet disagreements as the mass had high faith in him than in the fallen opposition elites.⁵⁰ It should be noted that without the charismatic, authoritative top leaders in power, the quick settle-down of various agreements would not be possible.

(3) The decline of bureaucratic power

The shift in Thai domestic politics not only installed the business elites into power, but also compelled the group of conservative diplomats and bureaucrats who inclined toward the west to lose their power. Their tendency to align with the west, especially with the U.S. was the remnant of the Cold War when Thai military dictatorships were supported by Washington to fight communism. Only after the U.S. underwent normalization process with China that Thai government felt free to rebuild hers. Nevertheless, Thai diplomats remained cautious and kept a distance with China for differences in political ideology. Though the present China is more open politically and highly attractive for economic engagement, old bureaucratic inertia hampered Thai government before Thaksin administration to establish closer Chinese relations that advanced Washington's pace. They stuck to diplomatic style which allied upon the west, emphasizing democratic values and human rights in international relations. This rendered issues beyond trade relations with China too politically sensitive to engage with.

Such trait of diplomatic conduct was apparent throughout the days of military dictatorships. The rise of civilian government after the Black May incident in 1992 did not produce any difference. The case of the second Chuan Leekpai government which was the administration just before the coming of Thaksin served as a good example.⁵¹ Chuan's democrat party was the assemblage of bureaucratic elites who were mostly educated in the

49 The Nation, 17 July 2005

50 Kulabkaew, Katewadee and Mullins, May-Tan. Is Thaksin a really strong leader? Elite disunity and challenges from the mass under the guise of absolute power, *Proceeding of the Ninth International Conference on Thai studies*, Northern Illinois University, April 2005

51 Chuan Leekpai was a Prime Minister twice, during 1992-1995 and 1997-2001

west. Some members had experiences in working with the U.N. and WTO. The Democrat government stressed the importance of engaging in international affairs with western values. They employed the “constructive engagement” genre of diplomacy with Thailand’s neighbors. The policy was assessed as a failure since it led the country into conflict Myanmar over human rights issue and into ASEAN paralyzation. Thai government at the time was widely criticized for its staunch tendency to lean upon the U.S. guide for diplomacy.⁵² Due to the pressure from business sector, Chuan government initiated the proposal for strategic partnership with China, aiming at bilateral economic development. However, Chinese relation was clearly not the first priority since there was no follow-up for the action plan. To make the matter worse, other initiatives in Sino-Thai economic cooperation were implemented in a snail-pace, disappointing most of business sector.

The defeat of Democrat Party and the coming of Thaksin administration then changed the keymen in directing Chinese relations. Bureaucrats were compelled to handover their power to the new regime’s executives and leading businessmen. The ruling business elites’ antagonism toward outdated bureaucratic practices and mistrust for most diplomats who was intimate with Democrat Party took away their active role in shaping foreign policy. It was noteworthy that under Thaksin administration, one who played crucial role in promoting Sino-Thai relations was not Surakiet Sathienthai, the foreign minister and the veteran diplomats. On the contrary, they bore only shores in ceremonial matters and the ministry’s routine tasks.⁵³ The Prime Minister himself and his right-hand man for economic affairs, the finance minister Somkid Jatusripitak, was in charge of seeking bilateral cooperation. They were reportedly frequent visitors to China on personal trip and extensively engaged in informal dialogues. It was not a coincidence that Somkid, a guy who speak Thai with hard Chinese accent, had no career background as a bureaucrat or technocrat. He was a financial expert from private sector who held a close relation with big business like CP Group and The Bangkok Bank.⁵⁴

Thaksin and Somkid did not pursue closer relations with Beijing in the manner most diplomats did. They positioned themselves as businessmen seeking business deal, preferring more simplified diplomatic protocols and amplified progressive, practical actions in dialogues. Their new foreign policy abandoned Thai old diplomatic tradition which guided by western ideologies and by strict formality in making contact. Thaksin himself once said that he preferred “to work on international politics and economy as one issue, by building up the closeness for leaders to converse promptly anytime on phone”⁵⁵ Thaksin’s foreign minister also stated;

52 An interview with Asda Chainam, former Thai ambassador to the United States, *Manager Daily*, 16 March 2006

53 *Ibid.*

54 *Siangthai Daily*, 17 March 2006

55 *Ibid.* 44, at p.111

*“Trade will be the main objective without interfering with human rights issues and democratic principles. Another outstanding one is the emphasis on Asia, and policy for Thailand to be the bridge linking East and Southeast Asia. This is through the Asian way which means approaching each other by personal connections to support cooperation of Asian countries...”*⁵⁶

As a result, “the rule of capitals” was the one who directed Thailand’s Chinese policy with full authority. The bureaucrat’s role was subsided to be only administrators of routine affairs. Diplomatic incidents criticized by Thai veteran

diplomats, including Thaksin’s break of protocol in congratulating future Chinese leaders before their inauguration, and the denial for visa grant to Taiwanese politicians, only reflected disagreement of the bureaucratic traditionalists which the ruling government did not listen to.

IV. Conclusion

Through the analysis of Thai political actors in and around the Thaksin administration, evidences showed that there was a strong interrelation between Thai capitalist government and its burgeoning Chinese relations. The rise of business elites favored the rapid economic development, rendering the boom in economic diplomacy with China. In bilateral relations, they bow to Beijing’s pressure to demonstrate unwavering commitment to China’s interests aboard. Especially, in the strong support of One China Policy. Reciprocally, Thaksin government could rely on Chinese support in solving its foreign conflicts and in seeking economic benefits.

In conclusion, the basis for the flourish Sino-Thai relations in the Thaksin period can be counted upon Thailand’s domestic factors. Chinese-Thai business elites who seized the ruling power were indeed influential actors in giving a boost to the bilateral relations. Their experiences in doing business in the 1997 crisis shaped their envisioning of foreign policy to support the course for strengthening Asian economic integration with China at its center. Thaksin government attentively assisted China to take the lead in regional affairs, while Thailand also expected to enjoy economic privileges rendered by its intimate Chinese relations. The fall of traditionalist bureaucrats also gave way for Thailand to make a clear departure from old diplomacy that followed Washington’s footsteps. The strong Prime Ministership backed Thaksin’s Chinese pursuit to become smooth domestically with the least internal objections.

However, it was observable that the burgeoning Sino-Thai relation of the period has an unsustainable nature. Since the basis for the flourish ties were embedded in the ruling elites, intimate relations between Bangkok and Beijing came to a freeze after Thaksin regime was

⁵⁶ Baantai, Kavee, นโยบายต่างประเทศใหม่มุ่งการค้าอย่างเดียว (New foreign policy only aims at trade) in The Nation Weekend, 19-25 February 2001

overthrown by the military coup in 2006. Though the next Prime Minister, General Surayuth Julanond paid a brief visit to China in May 2007, his military junta was too overwhelmed by internal disorder that it hardly paid attention to foreign relations. To make the matter worse, China antagonized Thai generals by sheltering Thaksin's movement in exile which campaigned for his coming back. Beijing and Hong Kong was the place for frequent meeting among his supporters.⁵⁷ China is one of the countries he expected to seek permission for political refuge, as he is reportedly constructing his new estate in Beijing's suburb and planned to stay there at least for 3 years.⁵⁸ However, there is still no apparent hostility between the two countries owing to Thailand's chronic internal turmoil and China's undeniable importance to the region's economy and stability. Nevertheless, it is predictable that the resurrection of bilateral relations at its height is unlikely without the re-installation of active domestic actors into power.⁵⁹

57 Daily news, 10 January 2007

58 Lertpakawat, Sunisa, *ทักษิณ Where are you?* (Thaksin, Where are you?) Nokklo, Bangkok, 2007

59 Under the Samak Sundaravej administration (January - September 2008) and the Somchai Wongsawat administration (September -December 2008) There have been attempts to revive Sino-Thai "special" relations through brief state visits and the follow-up of various agreements. Both administrations are known as Thaksin's proxy governments.